

Attachment 2

UIC South Campus Financing Alternatives

There are three main financing alternatives being considered for the UIC South Campus Development Project. These alternatives are: 1) refund and restructure certain maturities of the Series 1999 and Series 2000 (Taxable) bonds; 2) enter into a swaption derivative transaction for the Series 1999 bonds; and, 3) refund and restructure all of the UIC South Campus Development Project Revenue Bonds, Series 1999, 2000 (Taxable) and 2003.

Alternative 1 could be accomplished through a traditional or a synthetic variable-to-fixed rate bond issue.

Alternative 2, the swaption, is accomplished by selling an option to a Counter Party to force the University into a synthetic variable-to-fixed rate bond issue on a certain date in the future. The date would coincide with the call date of the Series 1999 bonds. On the call date, the University could exercise its optional early termination rights in the swaption and pay the Counter Party the amount owed due to early termination; or, issue variable rate bonds to refund the Series 1999 bonds.

Alternative 3 could be accomplished through a traditional or a synthetic variable-to-fixed rate bond issue.

Summary of Primary Legal Documents that would be required for issuance of fixed rate refunding revenue bonds October 2005

Document	Purpose	Parties to:	Prepared by
Bond Resolution	Set forth what University intends to do, how it is to be paid for and imposes certain terms, covenants and constraints	University Trustee	Bond Counsel
Escrow Agreement	Sets forth the amount of funds to be used to pay refunded bonds, investment plan for such funds, yields, etc. on such funds	University Trustee	Bond (tax) counsel
Verification Agreement	Third party verification that the funds deposited into the escrow will be sufficient to defease the bonds being refunded	Verification Agent	Verification Agent
Redevelopment Agreement Amendment	Increases the amount of TIF revenues the University is eligible to receive pursuant to Exhibit H and the type and amount of project costs. This may be accompanied by an Ordinance of the City	University City of Chicago	TIF Counsel City Counsel
Bond Purchase Agreement	States the price and terms upon which the underwriting group will purchase the University's bonds	University Senior managing underwriter, as representative of syndicate	Underwriters' Counsel
Tax Compliance Certificate and Form 8038	States what the University agrees to do to maintain tax-exemption on the bonds. Form 8030 is a tax form filed with IRS for tax-exemption of interest	University	Bond (tax) counsel
Preliminary Official Statement	Disclosure document that provides summary of transaction for credit market and investors to review during the marketing of bonds	University	Underwriters' Counsel
Official Statement	Disclosure document that reflects final terms of the transaction; distributed to investors and other bond market participants	University	Underwriters' Counsel

Attachment 2

Document	Purpose	Parties to:	Prepared by
Bond Insurance Policy	Official policy that reflects the guarantee offered by an insurance company to pay debt service on bonds to investors if the University fails to do so	Bond Insurer	Bond Insurer
Rating Letters	Official letters that state the rating on the bonds. If bond insurance is used, this will be AAA. If bond insurance is not used, it will reflect the ability and willingness of the University to pay debt service on these bonds	Rating Agencies	Rating Agencies

UNIVERSITY OF ILLINOIS

Summary of Primary Parties to the Financing for issuance of fixed rate refunding revenue bonds

University

Financial Advisor

Bond (tax) Counsel

Issuer's Counsel

Senior Managing Underwriter

Co-managing Underwriters

Underwriters' Counsel

Verification Agent

Bond Insurers

Rating Agencies

Trustee/Escrow Agent

Attachment 2

UNIVERSITY OF ILLINOIS

Summary of Primary Legal Documents that would be required for issuance of variable rate debt swapped to fixed rate using an interest rate swap

October 2005

Document	Purpose	Parties to:	Prepared by
Bond Resolution	Set forth what University intends to do, how it is to be paid for and imposes certain terms, covenants and constraints	University Trustee	Bond Counsel
Escrow Agreement	Sets forth the amount of funds to be used to pay refunded bonds, investment plan for such funds, yields, etc. on such funds	University Trustee	Bond (tax) counsel
Verification Agreement	Third party verification that the funds deposited into the escrow will be sufficient to defease the bonds being refunded	Verification Agent	Verification Agent
Redevelopment Agreement Amendment	Increases the amount of TIF revenues the University is eligible to receive pursuant to Exhibit H and the type and amount of project costs. This may be accompanied by an Ordinance of the City	University City of Chicago	TIF Counsel City Counsel
Purchase Agreement	States the price and terms upon which the underwriting group will purchase the University's bonds	University Senior managing underwriter, as representative of syndicate	Underwriters' Counsel
Remarketing Agreement	Names a firm to serve as remarketing agreement and sets forth responsibilities of the remarketing agent	University Remarketing Agent (senior manager)	Underwriter's Counsel
Tax Compliance Certificate and Form 8038	States what the University agrees to do to maintain tax-exemption on the bonds. Form 8030 is a tax form filed with IRS for tax-exemption of interest	University	Bond (tax) counsel
Official Statement	Disclosure document that reflects final terms of the transaction; distributed to investors and other bond market participants. A POS is not necessary for variable rate issues	University	Underwriters' Counsel
Bond Insurance Policy	Official policy that reflects the guarantee offered by an insurance company to pay debt service on bonds to investors if the University fails to do so	Bond Insurer	Bond Insurer
Reimbursement Agreement	Sets forth the terms upon which a bank will purchase the variable rate bonds if the remarketing agent is unable to resell the bonds when they are put back by investors	University Bank	Bank
Rating Letters	Official letters that state the rating on the bonds. For variable rate bonds, this will be the rating of the bank providing the liquidity facility	Rating Agencies Bank	Rating Agencies
ISDA Interest Rate Swap Agreement	Standardized market document that set forth the terms of the interest rate swap	University Swap Counterparty	Bond (swap) counsel

Attachment 2

Document	Purpose	Parties to:	Prepared by
Schedule to the Master Agreement	Sets forth certain legal provisions unique to the swap that is executed (termination provisions, agreement to deliver documents, governing law, certain representations, etc.)	University Swap Counterparty	Bond (swap) counsel
Swap Confirmation	Sets for the particular business terms of the specific swap that is executed, including the bidding procedures or other procedures used to establish the fixed rate	University	Bond (swap) counsel
ISDA Credit Support Annex	Sets for the security interest of the swap counterparty, collateral requirement		

UNIVERSITY OF ILLINOIS

Summary of Primary Parties to the Financing for required for issuance of variable rate debt swapped to fixed rate using an interest rate swap

University

Financial Advisor

Bond (Swap and Tax) Counsel

Issuer's Counsel

Senior Managing Underwriter

[Co-managing Underwriters – may not be used]

Underwriters' Counsel

Remarketing Agent (generally the same as Senior Managing Underwriter)

Verification Agent

Bond Insurers

Liquidity Facility Provider

Rating Agencies

Trustee/Escrow Agent

Swap Counterparty(ies)